

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of: *Bennett*) Art Unit: 2626
)
Serial No.: 10/653,039) Examiner: Martin Lerner
)
Filed: *August 29, 2003*)
)
For: *Query engine for processing*)
voice based queries including semantic)
decoding

NOTICE OF CONCURRENT LITIGATION PROCEEDINGS
PROVIDED PURSUANT TO MPEP 2001.06(c)

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

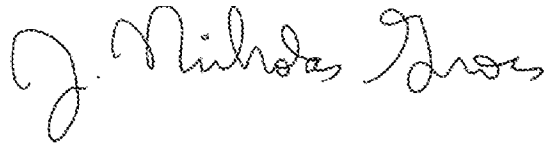
Pursuant to 37 C.F.R. § 1.56 and MPEP 2001.06(c) the Patent Owner hereby submits the present Notice of Concurrent Litigation Proceeding involving four (4) patents 6,665,640; 6,615,172; 6,633,846; and 7,050,977 which are all related to the present application. Additional materials are presented, including 1) a copy of the Complaint filed by Phoenix; 2) a copy of the Answer filed by defendant Sony; 3) a minute entry from the Court indicating that the case was settled. This lawsuit was originally filed in Central District of California, but was transferred to the Northern District to Judge Marilyn Patel under the identifier C 07-02112.

While this litigation has not been officially terminated, the infringement claims have been recently resolved by the owner of the patents (Phoenix – which also owns the present application) by way of a settlement/license agreement with the defendant (Sony). The present claims stand on their own; however the

present application does derive priority from such patents and other applications, and does relate to similar subject matter.

Nonetheless nothing in these pleadings, or any other materials from such case, are believed to be material to the present application. They are provided solely to comply with the PTO's procedures covering such disclosures.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Nicholas Gross". The signature is fluid and cursive, with the first name "J." being small and the last name "Gross" being larger and more prominent.

J. Nicholas Gross
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Attorney for Patent Owner

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8 PHOENIX SOLUTIONS, INC.

9
10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA

12 PHOENIX SOLUTIONS, INC., a
13 California corporation

14 Plaintiff,

15 v.

16 SONY ELECTRONICS, INC., a
17 Delaware corporation,

18 Defendant
19
20
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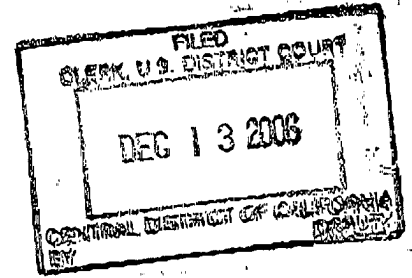
CV 06 7916 PA
CASE NO.

COMPLAINT FOR DAMAGES AND
INJUNCTIVE RELIEF FOR
INFRINGEMENT OF U.S. PATENT
NOS. 6,615,172, 6,633,846, 6,665,640
AND 7,050,977 UNDER 35 U.S.C. §
271

DEMAND FOR JURY TRIAL

22
23 Plaintiff, PHOENIX SOLUTIONS, INC., (hereinafter "Plaintiff" or
24 "Phoenix") hereby complains against Defendant, SONY ELECTRONICS, INC.,
25 (hereinafter "Defendant" or "Sony") as follows:

26 1. This is a civil action for patent infringement arising under the patent
27 laws of the United States, 35 U.S.C. § 271 *et seq.*



FINDX

I. THE PARTIES

2. Plaintiff is a corporation organized and existing under the laws of the State of California with a place of business at 634 Georgia Avenue, Palo Alto California, 94306.

3. Upon information and belief, Defendant is a corporation organized and existing under the laws of the State of Delaware with a place of business at 16450 West Bernardo Street, San Diego, California, 92127.

II. FACTUAL BACKGROUND

4. Plaintiff is the owner by assignment of the U.S. Patent Nos. 6,615,172, 6,633,846, 6,665,640 and 7,050,977 (hereinafter "Patents in Suit") directed to the technology generally known as "speech recognition software".

5. Plaintiff, Phoenix Solutions, Inc., was established to develop the next generation of speech recognition systems that gives users the ability to have a verbal conversation with a computer about a subject on which the computer had been educated and receive intelligent responses. One of the first applications of this new technology is its use in telephone customer service lines where the customer calls a computer and a "virtual customer service agent" answers the line and interacts with a caller using "natural speech" akin to a live person.

6. Phoenix Solutions encompasses the life's work of a pioneer in the field of computer-based speech recognition, Dr. Ian Bennett. Originally from Jamaica, Dr. Bennett graduated with honors from the University of British Columbia and went on to receive his Master's and Doctorate degrees in electrical engineering from Stanford University. While at Stanford, Dr. Bennett developed the first practical processor for speech compression. Dr. Bennett founded Phoenix Solutions, dedicated to developing a natural language query system (NLQS). Under Dr. Bennett's guidance, Phoenix developed algorithms based on statistics and semantics that allow a computer to take in natural speech questions and return

1 answers that also sound like natural speech. Dr. Bennett developed various
2 applications for his technology, including interactive conversational systems and
3 interactive guides, intelligent tutoring systems and form-filling systems. Dr.
4 Bennett is currently at the National Science Foundation serving as a Program
5 Director within the Directorate of Engineering, Division of Industrial Innovation &
6 Partnerships.

7 7. Defendant Sony is in the business of manufacturing, selling and
8 distributing various consumer electronic products. In connection with its electronic
9 products, Defendant (or others on its behalf) established and operates a number of
10 customer support lines, which can be reached for example at (800) 476-6972, (800)
11 222-7669, (866) 909-7669 or (877) 760-7669. The customer support lines employ
12 a natural language interactive voice response (IVR) system that includes a virtual
13 person identified as "Maxx" (hereinafter interchangeably referred to as "IVR
14 system" or just "Maxx").

15 8. The plaintiff's natural language IVR system is superior to conventional
16 touch-tone systems because the caller can simply talk to the system using normal
17 language. In contrast, touch-tone IVR systems require the caller to select from a
18 series of choices using the telephone keypad. IVR touch tone systems are also less
19 efficient since they require callers to listen to an entire menu of choices and wade
20 through a series of menus before providing a response to the caller. Consumers
21 hang up at a greater rate in frustration when they become lost in a maze of menus.

22 9. The alternative to touch tone menu systems is to employ live
23 operators. When compared to live operators, the Plaintiff's IVR system is much
24 more cost effective. Based upon industry data, the Defendant's use of its current
25 IVR system has allowed it to save more than 80% of the cost it previously incurred
26 in providing its customer support line.

1 10. On information and belief, Defendant operates its IVR system using a
2 combination of telephony hardware and computer server hardware that is
3 specifically adapted by Defendant (and/or others on its behalf) to respond to spoken
4 questions from callers. Such hardware uses supporting software that includes
5 speech recognition and natural language engines used to understand the spoken
6 questions from callers.

7 11. On information and belief, the speech recognition engine used by
8 Defendant is divided, so that some of the speech-processing operations for
9 understanding callers are performed on telephony hardware, while other speech
10 processing operations are performed on separate server hardware. On information
11 and belief, Defendant (or others on its behalf) configure such telephony hardware
12 and server hardware to customize what speech processing operations will take place
13 on such respective hardware systems to maximize certain characteristics of the
14 system, and to regulate how speech data from the callers is transferred between
15 such systems.

16 12. When customers place calls to Defendant's IVR system, they can
17 speak in a conversational style as if they were speaking to a real person.
18 Defendant's dialogue agent, Maxx, responds to the caller's questions in real-time
19 by providing answers in natural speech. Maxx has been taught natural language
20 dialogues based on information concerning Defendant's products provided by the
21 Defendant and incorporated into the software. In this manner, Maxx can
22 understand questions posed by customers concerning Defendant's products, and
23 give relevant answers.

24 13. Defendant's IVR system uses a speech recognition engine to break
25 down the customer's questions into specific words understood by the IVR system.
26 For example, the speech recognition engine could determine that the user has said,
27 "I have a problem with my camcorder." Defendant controls precisely what specific
28

1 words its IVR system will understand as part of its vocabulary by configuring
2 (and/or having others configure on its behalf) certain aspects of such telephony
3 hardware and/or server computing system.

4 14. Defendant's IVR system employs a natural language engine to
5 understand the meaning of the specific words spoken by its customers. The IVR
6 system, by understanding the meaning and context of specific words, may
7 determine that the customer is asking about a service related problem. Defendant
8 controls precisely what interpretation the IVR system should give to various words
9 spoken by its customers by configuring (and/or having others configure on its
10 behalf) certain aspects of the telephony hardware and/or server computing system.

11 15. Based on determining the most likely meaning of the customer's
12 specific question, Maxx responds with a specific answer. The answer may take the
13 form of an audible response from Maxx, or it may take the form of the IVR system
14 routing the caller to a live person working within the appropriate department (such
15 as the service department in the example above). In all instances, Defendant alone
16 controls precisely what responses and actions Maxx takes, and has configured
17 (and/or has had others configure on its behalf) certain aspects of such telephony
18 hardware and/or server computing system to provide such desired responses or
19 actions.

20 16. On information and belief, Defendant also has configured and controls
21 (and/or has had others configure and/or control on its behalf) other aspects of
22 Maxx's overall behavior, including among other things, the gender, apparent age,
23 speech rate, prosody, style and rate of response. These parameters are selected and
24 controlled by Defendant to increase customer satisfaction with the customer support
25 line.

26 17. On information and belief, Defendant (and/or others on its behalf)
27 designed, customized and selected the personality exhibited by Maxx as well. This
28

1 electronic persona was specifically selected to be appealing and attractive to
2 Defendant's customers and to maximize utilization of the IVR system by such
3 customers.

4 18. On information and belief, the information used by Defendant's IVR
5 system (including e.g., the grammar used, specific questions to which it can
6 respond, the interpretation of questions, and the answers to be given to customers)
7 were derived by Defendant (and/or others on its behalf) from collecting and
8 studying data from thousands of actual calls made to Defendant's customer support
9 line. Based on this, Plaintiff believes that Defendant (and/or others on its behalf)
10 has trained the IVR system with Defendant's call center data that is unique to
11 Defendant's business. As a result, the IVR system is tailored to respond with
12 appropriate answers to questions posed by Defendant's customer base.

13 19. Accordingly, Defendant's IVR system has been trained with customer
14 content data that is not available from a third party. This Defendant-specific
15 content data is critically important to the behavior and operation of Defendant's
16 IVR system, since without it the IVR system would not know what words to
17 recognize from a caller's utterance, how to determine the meaning of such words,
18 and/or what answer to give to the caller as a response.

19 20. Defendant's IVR system, as noted above, is a combination of
20 components, including at least some hardware, software and content which it
21 obtained from third parties (third party components). Nonetheless, and on
22 information and belief, Defendant is responsible for and has caused such third party
23 components to be combined, adapted and configured (including with such
24 Defendant-specific content) in accordance with specific performance, content
25 requirements and scenarios of the Defendant's customer support operations.

26 21. Consequently, and on further information and belief, the current
27 structure and operation of Defendant's IVR system is a result of content
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1 contributions, performance specifications and operational specifications provided
2 by Defendant and configuration/modification of third party components made by
3 Defendant (and/or others on its behalf). Such third party components – as currently
4 available from such third parties - by themselves would not be sufficient to
5 implement Defendant's IVR system without Defendant's cooperation, contributions
6 and actions, including Defendant's provision of the Defendant-specific content
7 data.

8 22. On or about June 2, 2006, Plaintiff sent a letter to Defendant, stating
9 that Maxx is covered by one or more claims of the Patents in Suit. In that letter,
10 Plaintiff included a number of supporting materials to explain its position on the
11 patents, and further extended an offer to license the Patents in Suit to Defendant.
12 On or about June 14, 2006, Defendant responded, informing Plaintiff that Maxx is a
13 software product of an unrelated third party and suggesting that Plaintiff contact
14 such third party. On or about June 22, 2006, Plaintiff responded to Defendant,
15 stating that Maxx is in fact a combination of the third party software and other
16 essential hardware, all of which has been assembled together and adapted for
17 Defendant's custom use. Defendant was informed by Plaintiff, that the assembly
18 and customization of all of the necessary components of Maxx are infringing the
19 Plaintiff's patent, not the third party software by itself. In spite of a face-to-face
20 meeting between the parties, Defendant failed to respond in any meaningful way to
21 the charge of infringement, necessitating the filing of this action.

22 III. JURISDICTION AND VENUE

23 23. This Court has original subject matter jurisdiction over Plaintiff's
24 patent infringement claim pursuant to 28 U.S.C. §1338(a).

25 24. This Court has personal jurisdiction over Defendant because
26 Defendant has continuous and systematic contacts with the Central District of
27

1 California by virtue of, among others, selling goods and operating the telephonic
2 customer support line within the District.

3 25. Venue properly lies in the Central District of California pursuant to 28
4 U.S.C. §1391 and §1400, because the acts complained of herein have been
5 committed and are being committed in this Judicial District and Defendant is
6 subject to personal jurisdiction within the District.

7 **IV. FIRST COUNT FOR INFRINGEMENT**
8 **OF UNITED STATES PATENT NO. 6,615,172**

9 26. Plaintiff hereby incorporates by reference the allegations contained in
10 paragraphs 1 through 25.

11 27. Plaintiff is the assignee of the U.S. Patent No. 6,615,172 ("the '172
12 Patent"), attached hereto as Exhibit 1, entitled "Intelligent Query Engine for
13 Processing Voice-based Queries. Plaintiff owns and has standing to sue and
14 recover damages for infringement under the '172 Patent.

15 28. Defendant Sony has violated Plaintiff's patent rights by operating its
16 IVR system covered by at least one claim of the '172 Patent. Sony's infringing
17 IVR system has not been manufactured or authorized in any manner by the
18 Plaintiff.

19 29. As a legal consequence of Defendant's infringement, Plaintiff is
20 entitled to compensation for no less than a reasonable royalty, as well as pre-
21 judgment interest and a preliminary and permanent injunction. In the event that the
22 Court does not exercise its equitable discretion to award a permanent injunction,
23 then Plaintiff is entitled to a judgment that includes a sum equal to the total
24 projected value of a compulsory license for the life of the patent at a royalty rate to
25 be determined by a jury, discounted to present value, to compensate Plaintiff for
26 future infringement.

30. The infringement of the '172 Patent has been willful in that Defendant is fully aware of Plaintiff's rights, yet has continued to use the infringing IVR system in violation of the patent laws without a good faith basis for believing it does not infringe or the patent is invalid. This intentional refusal to respect Plaintiff's patent rights constitutes willful infringement under 35 U.S.C. §§ 284 and 285, thereby entitling Plaintiff to treble damages and attorneys' fees.

V. SECOND COUNT FOR INFRINGEMENT OF
UNITED STATES PATENT NO. 6,633,846

31. Plaintiff hereby incorporates by reference the allegations contained in paragraphs 1 through 25.

32. Plaintiff is the assignee of the U.S. Patent No. 6,633,846 ("the '846 Patent"), attached hereto as Exhibit 2, entitled "Distributed Real Time Speech Recognition System". Plaintiff owns and has standing to sue and recover damages for infringement under the '846 Patent.

33. Defendant has violated Plaintiff's patent rights by operating an IVR system covered by at least one claim of the '846 Patent. Sony's infringing IVR system has not been manufactured or authorized in any manner by the Plaintiff.

34. As a legal consequence of Defendant's infringement, Plaintiff is entitled to compensation for no less than a reasonable royalty, as well as pre-judgment interest and a preliminary and permanent injunction. In the event that the Court does not exercise its equitable discretion to award a permanent injunction, then Plaintiff is entitled to a judgment that includes a sum equal to the total projected value of a compulsory license for the life of the patent at a royalty rate to be determined by a jury, discounted to present value, to compensate Plaintiff for future infringement.

35. The infringement of the '846 Patent has been willful in that Defendant is fully aware of Plaintiff's rights, yet has continued to use the infringing IVR

1 system in violation of the patent laws without a good faith basis for believing it
2 does not infringe or the patent is invalid. This intentional refusal to respect
3 Plaintiff's patent rights constitutes willful infringement under 35 U.S.C. §§ 284 and
4 285, thereby entitling Plaintiff to treble damages and attorneys' fees.

5 **VI. THIRD COUNT FOR INFRINGEMENT**
6 **OF UNITED STATES PATENT NO. 6,665,640**

7 36. Plaintiff hereby incorporates by reference the allegations contained in
8 paragraphs 1 through 25.

9 37. Plaintiff is the assignee of the U.S. Patent No. 6,665,640 ("the '640
10 Patent"), attached hereto as Exhibit 3, entitled "Interactive Speech Based
11 Learning/Training System Formulating Search Queries Based on Natural Language
12 Parsing of Recognized User Queries". Plaintiff owns and has standing to sue and
13 recover damages for infringement under the '640 Patent.

14 38. Defendant has violated Plaintiff's patent rights by operating an IVR
15 system covered by at least one claim of the '640 Patent. Sony's infringing IVR
16 system has not been manufactured or authorized in any manner by the Plaintiff.

17 39. As a legal consequence of Defendant's infringement, Plaintiff is
18 entitled to compensation for no less than a reasonable royalty, as well as pre-
19 judgment interest and a preliminary and permanent injunction. In the event that the
20 Court does not exercise its equitable discretion to award a permanent injunction,
21 then Plaintiff is entitled to a judgment that includes a sum equal to the total
22 projected value of a compulsory license for the life of the patent at a royalty rate to
23 be determined by a jury, discounted to present value, to compensate Plaintiff for
24 future infringement.

25 40. The infringement of the '640 Patent has been willful in that Defendant
26 is fully aware of Plaintiff's rights, yet has continued to use the infringing IVR
27 system in violation of the patent laws without a good faith basis for believing it
28

1 does not infringe or the patent is invalid. This intentional refusal to respect
2 Plaintiff's patent rights constitutes willful infringement under 35 U.S.C. §§ 284 and
3 285, thereby entitling Plaintiff to treble damages and attorneys' fees.

4 **VII. FOURTH COUNT FOR INFRINGEMENT**
5 **OF UNITED STATES PATENT NO. 7,050,977**

6 41. Plaintiff hereby incorporates by reference the allegations contained in
7 paragraphs 1 through 25.

8 42. Plaintiff is the assignee of the U.S. Patent No. 7,050,977 ("the '977
9 Patent"), attached hereto as Exhibit 4, entitled "Speech-Enabled Server for Internet
10 Website and Method". Plaintiff owns and has standing to sue and recover damages
11 for infringement under the '977 Patent.

12 43. Defendant has violated Plaintiff's patent rights by operating an IVR
13 system covered by at least one claim of the '977 Patent. Sony's infringing IVR
14 system has not been manufactured or authorized in any manner by the Plaintiff.

15 44. As a legal consequence of Defendant's infringement, Plaintiff is
16 entitled to compensation for no less than a reasonable royalty, as well as pre-
17 judgment interest and a preliminary and permanent injunction. In the event that the
18 Court does not exercise its equitable discretion to award a permanent injunction,
19 then Plaintiff is entitled to a judgment that includes a sum equal to the total
20 projected value of a compulsory license for the life of the patent at a royalty rate to
21 be determined by a jury, discounted to present value, to compensate Plaintiff for
22 future infringement.

23 45. The infringement of the '977 Patent has been willful in that Defendant
24 is fully aware of Plaintiff's rights, yet has continued to use the infringing IVR
25 system in violation of the patent laws without a good faith basis for believing it
26 does not infringe or the patent is invalid. This intentional refusal to respect
27

1 Plaintiff's patent rights constitutes willful infringement under 35 U.S.C. §§ 284 and
2 285, thereby entitling Plaintiff to treble damages and attorneys' fees.

3 **VIII. DEMAND FOR JURY TRIAL**

4 46. Plaintiff hereby exercises its right to a jury trial under the Seventh
5 Amendment to the United States Constitution and demands a jury trial in
6 accordance therewith.

7 **IX. PRAYER FOR RELIEF**

8 WHEREFORE, Plaintiff prays for:

9 a. A preliminary injunction, barring Defendant and all of its agents,
10 officers, attorneys, successors, and assigns from manufacturing, importing or using
11 any system (or components thereof) that infringes upon the '172, the '846, the '640
12 and the '977 Patents;

13 b. A permanent injunction, barring Defendant and all of its agents,
14 officers, successors and assigns from manufacturing, importing or using any system
15 (or components thereof) that infringes upon the '172, the '846, the '640 and the
16 '977 Patents;

17 c. That Defendant be required to account to Plaintiff for all savings and
18 revenues realized by Defendant and any subsidiary and any partner company of
19 Defendant from the use of IVR systems infringing the '172, the '846, the '640 and
20 the '977 Patents;

21 d. A judgment for compensatory damages, not less than reasonable
22 royalty, suffered as a result of the patent infringement as well as prejudgment
23 interest;

24 e. A judgment including a sum equal to a the total projected value of a
25 compulsory license for the life of the patents, discounted to present value, to
26 compensate Plaintiff for future infringement in the event that a permanent
27 injunction is not awarded;

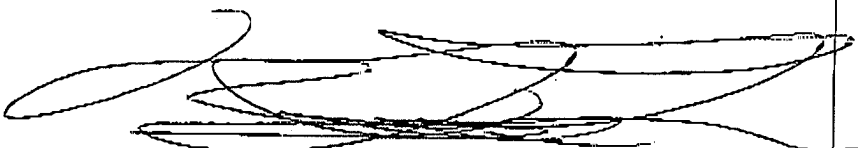
1 f. Treble damages and attorneys' fees pursuant to 35 U.S.C. §§ 284 and
2 285 for willful infringement of the '172, the '846, the '640 and the '977 Patents by
3 Defendant; and,

4 g. Any and all other relief that the Court deems proper.
5

6 Respectfully submitted,

7 TROJAN LAW OFFICES
8 by

9
10
11 Date: December 12, 2006



12 R. Joseph Trojan
13 Attorney for Plaintiff,
14 PHOENIX SOLUTIONS, INC.
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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

PHOENIX SOLUTIONS, INC., a
California corporation

Plaintiff,

v.

SONY ELECTRONICS, INC., a
Delaware corporation

Defendant.

CASE NO. CV-06-7916 PA (FMOx)

**DEFENDANT SONY ELECTRONICS,
INC.'S ANSWER AND
COUNTERCLAIMS TO PHOENIX
SOLUTIONS, INC.'S COMPLAINT**

DEMAND FOR JURY TRIAL

For its Answer to the Complaint of Plaintiff Phoenix Solutions, Inc.
("Plaintiff"), Sony Electronics Inc. ("SEL"), upon knowledge as to its own acts and
upon information and belief as to the acts of others, responds to each of the numbered
paragraphs thereof as follows.

1. SEL states that Plaintiff's Complaint purports to state a civil action for
patent infringement arising under the patent laws of the United States, 35 U.S.C. §
271 *et seq.*

1 **THE PARTIES**

2 2. SEL is without knowledge or information sufficient to form a belief as to
3 the truth of the averments of this paragraph and, therefore, denies them.

4 3. SEL states that it is a corporation organized and existing under the laws
5 of the State of Delaware with a place of business at 16450 West Bernardo Drive, San
6 Diego, California, 92127.

7 **FACTUAL BACKGROUND**

8 4. SEL is without knowledge or information sufficient to form a belief as to
9 the truth of the averments of this paragraph and, therefore, denies them.

10 5. SEL is without knowledge or information sufficient to form a belief as to
11 the truth of the averments of this paragraph and, therefore, denies them.

12 6. SEL is without knowledge or information sufficient to form a belief as to
13 the truth of the averments of this paragraph and, therefore, denies them.

14 7. SEL states that it manufactures, sells and distributes various consumer
15 electronic products. SEL states that it has customer support lines at (800) 476-6972,
16 (800) 222-7669, (866) 909-7669 and (877) 760-7669, which employ an interactive
17 voice response ("TVR") system that includes the voice of a virtual person named
18 Maxx.

19 8. SEL is without knowledge or information sufficient to form a belief as to
20 the truth of the averments of this paragraph and, therefore, denies them.

21 9. SEL is without knowledge or information sufficient to form a belief as to
22 the truth of the averments of this paragraph and, therefore, denies them.

23 10. SEL states that its IVR system uses a combination of telephony
24 hardware and computer server hardware. SEL denies the remaining averments in this
25 paragraph.

26 11. Denied.

27 12. Denied.

1 13. SEL states that its IVR system uses a speech recognition engine. SEL
2 denies the remaining averments in this paragraph.

3 14. Denied.

4 15. Denied.

5 16. Denied.

6 17. Denied.

7 18. Denied.

8 19. Denied.

9 20. SEL states that its IVR system is a combination of hardware and
10 software components obtained from third parties including Edify Corp. ("Edify").
11 SEL denies the remaining averments in this paragraph.

12 21. SEL states that it provided functional requirements from a user's
13 perspective for the IVR system provided by Edify. SEL denies the remaining
14 averments in this paragraph.

15 22. SEL states that on or about June 2, 2006, it received a letter from
16 Plaintiff. SEL states that on or about June 14, 2006, it sent a letter to Plaintiff. SEL
17 states that on or about June 22, 2006, it received a letter from Plaintiff. SEL denies
18 the remaining averments in this paragraph.

19 **JURISDICTION AND VENUE**

20 23. SEL states that this Court has subject matter jurisdiction over patent
21 infringement actions pursuant to 28 U.S.C. § 1338(a).

22 24. SEL states that this Court has personal jurisdiction over SEL.

23 25. SEL states that venue is proper in the Central District of California
24 pursuant to 28 U.S.C. § 1391 and § 1400.

25 **FIRST COUNT FOR INFRINGEMENT**

26 **OF UNITED STATES PATENT NO. 6,615,172**

27 26. SEL incorporates herein by reference its answers to paragraphs 1
28 through 25.

1 27. SEL states that U.S. Patent No. 6,615,172 ("the '172 patent") is entitled
2 "Intelligent Query Engine for Processing Voice Based Queries" and states, on its
3 face, that it is assigned to Plaintiff. SEL is without knowledge or information
4 sufficient to form a belief as to the truth of the remaining averments of this paragraph
5 and, therefore, denies them.

6 28. Denied.

7 29. Denied.

8 30. Denied.

9
10 **SECOND COUNT FOR INFRINGEMENT OF**
11 **UNITED STATES PATENT NO. 6,633,846**

12 31. SEL incorporates herein by reference its answers to paragraphs 1
13 through 25.

14 32. SEL states that U.S. Patent No. 6, 633,846 ("the '846 patent") is entitled
15 "Distributed Realtime Speech Recognition System" and states, on its face, that it is
16 assigned to Plaintiff. SEL is without knowledge or information sufficient to form a
17 belief as to the truth of the remaining averments of this paragraph and, therefore,
18 denies them.

19 33. Denied.

20 34. Denied.

21 35. Denied.

22
23 **THIRD COUNT FOR INFRINGEMENT OF**
24 **UNITED STATES PATENT NO. 6,665,640**

25 36. SEL incorporates herein by reference its answers to paragraphs 1
26 through 25.

27 37. SEL states that U.S. Patent No. 6,665,640 ("the '640 patent") is entitled
28 "Interactive Speech Based Learning/Training System Formulating Search Queries

1 Based on Natural Language Parsing of Recognized User Queries” and states, on its
2 face, that it is assigned to Plaintiff. SEL is without knowledge or information
3 sufficient to form a belief as to the truth of the remaining averments of this paragraph
4 and, therefore, denies them.

5 38. Denied.

6 39. Denied.

7 40. Denied.

8
9 **FOURTH COUNT FOR INFRINGEMENT OF**

10 **UNITED STATES PATENT NO. 7,050,977**

11 41. SEL incorporates herein by reference its answers to paragraphs 1
12 through 25.

13 42. SEL states that U.S. Patent No. 7,050,977 (“the ’977 patent”) is entitled
14 “Speech-Enabled Server for Internet Website and Method” and states, on its face, that
15 it is assigned to Plaintiff. SEL is without knowledge or information sufficient to form
16 a belief as to the truth of the remaining averments of this paragraph and, therefore,
17 denies them.

18 43. Denied.

19 44. Denied.

20 45. Denied.

21
22 **DEMAND FOR JURY TRIAL**

23 46. SEL states that a jury trial has been demanded by Plaintiff’s Complaint.
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1 **AFFIRMATIVE DEFENSES**

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3 **FIRST AFFIRMATIVE DEFENSE**

4 **(Non-Infringement)**

5 47. SEL has not infringed and is not infringing, either literally or by virtue
6 of the doctrine of equivalents, any valid and enforceable claim of the '172, '846, '640
7 and '977 patents, either directly or indirectly.

8
9 **SECOND AFFIRMATIVE DEFENSE**

10 **(Invalidity)**

11 48. Each claim of the '172, '846, '640 and '977 patents is invalid for failure
12 to comply with one or more of the requirements of the patent laws, including, but not
13 limited to, 35 U.S.C. §§ 101, 102, 103 and 112, and the rules, regulations and laws
14 pertaining to those provisions.

15
16 **THIRD AFFIRMATIVE DEFENSE**

17 **(Limitation Of Damages)**

18 49. Plaintiff's claims for relief and prayer for damages are limited by 35
19 U.S.C. § 287.

20
21 **FOURTH AFFIRMATIVE DEFENSE**

22 **(No Injunctive Relief)**

23 50. Plaintiff is not entitled to injunctive relief because any injury to Plaintiff
24 is not immediate or irreparable, and Plaintiff has an adequate remedy at law.

25
26 **COUNTERCLAIMS**

27 Sony Electronics Inc. ("SEL"), through its attorneys, asserts the following
28 counterclaims against Phoenix Solutions, Inc. ("Phoenix") and alleges as follows:

1 PARTIES

2 1. Counterclaim-plaintiff SEL is a corporation incorporated under the laws
3 of the State of Delaware and has a principal place of business in San Diego,
4 California.

5 2. As averred by counterclaim-defendant Phoenix in its Complaint, Phoenix
6 is a corporation organized and existing under the laws of the State of California with
7 a place of business at 634 Georgia Avenue, Palo Alto, California, 94306.
8

9 JURISDICTION AND VENUE

10 3. This is an action for a declaratory judgment of non-infringement and
11 invalidity of U.S. Patent Nos. 6,615,172 ("the '172 patent"); 6,633,846 ("the '846
12 patent"); 6,665,640 ("the '640 patent"); and 7,050,977 ("the '977 patent").

13 4. Phoenix alleges in its Complaint in this action that it is the owner by
14 assignment of the '172 patent, the '846 patent, the '640 patent and the '977 patent
15 (collectively, "the patents-in-suit") and that SEL infringes those patents. SEL denies
16 that it infringes any valid claim of the patents-in-suit.

17 5. As a consequence of the foregoing, there is an actual and justifiable
18 controversy between SEL and Phoenix with respect to which SEL requires a
19 declaration by this Court.

20 6. This Court has subject matter jurisdiction over this controversy pursuant
21 to 28 U.S.C. §§ 1331 and 1338, and 28 U.S.C. §§ 2201 and 2202.

22 7. This Court has personal jurisdiction over Phoenix. Venue is proper
23 under 28 U.S.C. § 1391.
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**FIRST COUNTERCLAIM – DECLARATORY
JUDGMENT OF PATENT NON-INFRINGEMENT**

8. SEL incorporates by reference paragraphs 1-50 of its Answer and Affirmative Defenses to the Complaint and paragraphs 1-7 of these Counterclaims, as though fully set forth herein.

9. SEL has not infringed and is not infringing, either literally or by virtue of the doctrine of equivalents, any valid and enforceable claim of the '172 patent, either directly or indirectly.

10. SEL has not infringed and is not infringing, either literally or by virtue of the doctrine of equivalents, any valid and enforceable claim of the '846 patent, either directly or indirectly.

11. SEL has not infringed and is not infringing, either literally or by virtue of the doctrine of equivalents, any valid and enforceable claim of the '640 patent, either directly or indirectly.

12. SEL has not infringed and is not infringing, either literally or by virtue of the doctrine of equivalents, any valid and enforceable claim of the '977 patent, either directly or indirectly.

**SECOND COUNTERCLAIM – DECLARATORY
JUDGMENT OF PATENT INVALIDITY**

13. The '172 patent is invalid for failure to comply with one or more of the requirements of the patent laws, including, but not limited to, 35 U.S.C. §§ 101, 102, 103 and 112, and the rules, regulations and laws pertaining to those provisions.

14. The '846 patent is invalid for failure to comply with one or more of the requirements of the patent laws, including, but not limited to, 35 U.S.C. §§ 101, 102, 103 and 112, and the rules, regulations and laws pertaining to those provisions.

1 15. The '640 patent is invalid for failure to comply with one or more of the
2 requirements of the patent laws, including, but not limited to, 35 U.S.C. §§ 101, 102,
3 103 and 112, and the rules, regulations and laws pertaining to those provisions.

4 16. The '977 patent is invalid for failure to comply with one or more of the
5 requirements of the patent laws, including, but not limited to, 35 U.S.C. §§ 101, 102,
6 103 and 112, and the rules, regulations and laws pertaining to those provisions.

7 WHEREFORE, Sony Electronics Inc. requests that the Court enter judgment:

8 (a) Dismissing the Complaint against Sony Electronics Inc. in its entirety
9 with prejudice;

10 (b) Declaring the '172, '846, '640 and '977 patents not infringed under 35
11 U.S.C. § 271;

12 (c) Declaring the '172, '846, '640 and '977 patents invalid under 35 U.S.C.
13 §§ 101, 102, 103 and/or 112;

14 (d) Declaring that this is an exceptional case under 35 U.S.C. § 285;

15 (e) Awarding Sony Electronics Inc. the costs of this action and reasonable
16 attorneys' fees to the extent permitted under law; and

17 (f) Granting such other and further relief as the Court deems just and proper.

18
19 DATED: February 9, 2007

JEFFER, MANGELS, BUTLER &
MARMARO LLP

20
21 By: 

22 STANLEY M. GIBSON

23 Attorneys for Defendant
24 SONY ELECTRONICS INC.
25
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28

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, SEL hereby
demands a trial by jury of all issues so triable.

DATED: February 9, 2007

JEFFER, MANGELS, BUTLER &
MARMARO LLP
STANLEY M. GIBSON

By: 

STANLEY M. GIBSON (Bar No. 162329)
Attorneys for Defendant SONY
ELECTRONICS, INC.

PROOF OF SERVICE**STATE OF CALIFORNIA, CITY AND COUNTY OF LOS ANGELES**

I am employed in the City and County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is: 1900 Avenue of the Stars, 7th Floor, Los Angeles, California 90067.

On February 9, 2007 I served the document(s) described as **DEFENDANT SONY ELECTRONICS, INC.'S ANSWER AND COUNTERCLAIMS TO PHOENIX SOLUTIONS, INC.'S COMPLAINT** in this action by placing the true copies thereof enclosed in sealed envelopes addressed as follows:

SEE ATTACHED LIST

- ☒ (BY MAIL) I am "readily familiar" with the firm's practice for collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.
- ☐ (BY FAX) At _____, I transmitted, pursuant to Rules 2001 et seq., the above-described document by facsimile machine (which complied with Rule 2003(3)), to the above-listed fax number(s). The transmission originated from facsimile phone number (310) 203-0567 and was reported as complete and without error. The facsimile machine properly issued a transmission report, a copy of which is attached hereto.
- ☐ (BY PERSONAL SERVICE) I delivered such envelope by hand to the offices of the addressee.
- ☐ (BY OVERNIGHT DELIVERY) I caused said envelope(s) to be delivered overnight via an overnight delivery service in lieu of delivery by mail to the addressee(s).

Executed on February 9, 2007 at Los Angeles, California.

- ☐ (STATE) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
- ☒ (FEDERAL) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.


SHEILA EDWARDS

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Attorneys for Plaintiff, Phoenix Solutions,
Inc.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CIVIL PRETRIAL MINUTES

Date: October 31, 2007

Case No. C 07-02112 MHP

Judge: MARILYN H. PATEL

Title: PHOENIX SOLUTIONS INC -v- SONY ELECTRONICS INC

Attorneys: Plf: Joseph Trojan

Dft: Frank Bernstein, Dan Davison

Deputy Clerk: Anthony Bowser Court Reporter: Joan Columbini

PROCEEDINGS

- 1) Telephonic Case Management Conference
- 2) _____
- 3) _____

ORDERED AFTER HEARING:

Parties Phoenix and Sony have settled in principle; Sony intends to proceed against Intervoice; All briefing on Intervoice's Motion to dismiss previously completed; Hearing set for 2:00 pm on 11/19/2007.